



CONGRESSIONAL BUDGET OFFICE COST ESTIMATE

June 7, 2005

H.R. 800

Protection of Lawful Commerce in Arms Act

As ordered reported by the House Committee on the Judiciary on May 25, 2005

H.R. 800 would require courts to dismiss certain lawsuits filed against manufacturers and sellers of guns and ammunition as well as the trade associations that represent them. Specifically, the bill would affect lawsuits seeking damages for gun-related crimes committed by consumers of these products. CBO estimates that implementing H.R. 800 would have no significant impact on the federal budget. Enacting the bill would not affect direct spending or revenues.

H.R. 800 would impose both an intergovernmental and a private-sector mandate as defined in the Unfunded Mandates Reform Act (UMRA) by prohibiting state, local, and tribal governments and the private sector from pursuing lawsuits against certain manufacturers or sellers of firearms and ammunition products, and related trade associations, when such products are used unlawfully to do harm. The bill also would preempt state liability laws and the authority of state courts to hear such cases.

Depending on how such claims are resolved under current law, plaintiffs could stand to receive significant amounts in damage awards; the direct cost of the mandates in this bill would be the forgone net value of those awards. Currently, at least four governmental entities have cases pending, and there are at least three private suits pending. Because few lawsuits have been resolved, however, CBO has no basis for predicting the level of potential damage awards, if any. Therefore, we cannot estimate the cost of those mandates or whether they would exceed the annual threshold established by UMRA (\$62 million in 2005, adjusted annually for inflation for intergovernmental mandates and \$123 million in 2005, adjusted annually for inflation for private-sector mandates).

The CBO staff contacts for this estimate are Gregory Waring (for federal costs), Melissa Merrell (for the state and local impact), and Paige Piper/Bach (for the private-sector impact). The estimate was approved by Peter H. Fontaine, Deputy Assistant Director for Budget Analysis.